

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP
AUGUST 3, 2011**

DIRECTORS PRESENT

Jim Haselton, Committee Chair
Mike Safranski, Committee Member

STAFF PRESENT

Don Chadd, General Manager
Hector Ruiz, District Engineer
Teresa Teichman, District Secretary
Michael Perea, Special Project Manager
Karen Warner, Accounting Supervisor

PUBLIC PRESENT

No members of the public were present.

CALL MEETING TO ORDER

Committee Chair Haselton called the August 3, 2011 Finance/Audit Committee Meeting to order at 7:04a.m.

VISITOR PARTICIPATION

Public comments were announced. No comments were received.

ORAL COMMUNICATION

Oral communication was announced. No comments were received.

COMMITTEE MEMBER COMMENTS

There were no committee member comments.

REPORT FROM THE GENERAL MANAGER

The General Manager thanked staff for handling District responsibilities during his time of absence.

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FINANCIAL MATTERS

ITEM NO. 1) FINANCE/AUDIT COMMITTEE MEETING RECAP

The July 6, 2011 Finance/Audit Committee Meeting Recap was presented to the Committee. No changes were made.

Recommendation: *The Committee recommended that the July 6, 2011 Finance/Audit Committee Meeting Recap be received and filed by the Board. (Consent Calendar).*

**ITEM NO. 2) RATIFICATION OF DIRECTORS' FEES AND EXPENSES
AND FUTURE MEETINGS**

The Committee reviewed this matter. No changes were made.

Discussion occurred relating to director attendance at other agency's meetings.

Recommendation: *The Committee recommended that the Directors' expenses for June/July 2011 and fees for June/July 2011 be forwarded to the Board for ratification. (Action Calendar)*

ITEM NO. 3) STATUS UPDATE RELATING TO STORM DAMAGE

Mr. Hector Ruiz, District Engineer, advised he has no new information to report related to activities for the two remaining projects.

Mr. Ruiz advised the formal denial from FEMA, relating to the Serrano Creek Crossing, has been received by the District. Mr. Ruiz stated he may now move forward with presenting the appeal letter to the Engineering/Operational Committee in August along with presenting to the Board at the time of the August Board meeting for approval to submit to FEMA.

Recommendation: *The Committee received and filed the status update. No action necessary.*

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**ITEM NO. 4) STAFF REPORT AND POSSIBLE ACTION RELATING TO
THE OFFICE OF TREASURER**

Mr. Don Chadd, General Manager, advised Notice of Termination of Professional Service was sent to Schoonover Accountancy and a new Agreement for Professional Services has been executed with Platinum Consulting Group for oversight of TCWD Finance Department.

Mr. Chadd advised Ms. Cindy Navaroli, of Platinum Consulting Group, has been working closely with TCWD's accounting staff and management in order to become familiar with TCWD's chart of accounts and previous accountants methodology.

Mr. Chadd stated Ms. Navaroli is extremely professional, very qualified in her field, and has demonstrated adeptness in understanding TCWD's financial information. She is moving forward in reorganizing financial spreadsheet and line items in order to reflect information in a more practical application for TCWD's chart of accounts. Mr. Chadd recommended Ms. Cindy Navaroli as the interim Treasurer for TCWD at this time.

Mr. Chadd advised if it is the pleasure of the Board, Ms. Navaroli is available to attend a meeting in order to meet each director.

Recommendation: *The Committee recommended that this information be forwarded to the Board. (Action Calendar)*

**ITEM NO. 5) DISCUSSION AND POSSIBLE ACTION RELATING TO AN
AD HOC DEVELOPMENT ASSET COMMITTEE**

Mr. Chadd advised there is recent information that has come to his attention that may have the possibility of a positive financial impact to a current non-performing asset of TCWDs.

Mr. Chadd advised he is sun-shining this information at each committee level and will provide further detail at the time of the August 17, 2011 Regular Board meeting as it relates to this issue.

Mr. Chadd recommends the Ad Hoc Committee be comprised of TCWD Board President, Mike Safranski, who is also on the Finance Committee and Vice President Ed Mandich, who is also the Engineering Chair.

Recommendation: *The Committee recommended that this information be forwarded to the Board. (Action Calendar)*

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**ITEM NO. 6) DISCUSSION AND POSSIBLE ACTION REGARDING FIXING
THE EMPLOYER'S CONTRIBUTION UNDER THE PUBLIC
EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT**

Mr. Michael Perea, Special Projects Manager, presented this information and reviewed the current cost of the six levels of health care benefits available to TCWD Director sand staff as compared to the previous year cost of health care benefits.

Discussion occurred relating to dependent coverage, percentage of annual increase, and benchmark health cost amounts from other public agencies in the area.

The Committee approved the revised benchmark amount for 2012 at a funding level of \$1,368.09. A Director or staff member requesting a health care plan with a higher monthly cost will be required to pay the monthly difference.

Recommendation: *The Committee recommended that this information be forwarded to the Board. (Consent Calendar)*

ITEM NO. 7) OTHER MATTERS

Mr. Chadd advised the succulent landscape project in the front parking lot of the Administration building was completed this week. Mr. Chadd advised ground covering and additional boulders will be added.

**ITEM NO. 8A) PRESENTATION OF MAY 2011 UNAUDITED FINANCIAL
STATEMENT**

Mr. Chadd reviewed the June 30, 2011 preliminary unaudited financial statement with the committee. Mr. Chadd discussed water operating revenue and expenses noting water sales continue to remain low at the end of last fiscal year and the beginning of the current fiscal year.

Discussion occurred relating to net income and WRES funds.

Recommendation: *The Committee recommended that the Board receive and file the June 30, 2011 preliminary unaudited financial statement, as presented. (Consent Calendar).*

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ITEM NO. 8B) BILLS FOR CONSIDERATION

The bills for consideration were presented.

Recommendation: *The Committee recommended that the Board ratify payment of July 19, 2011 bills for consideration in the amount of \$201,960.60, and the August 3, 2011 bills for consideration in the amount of \$273,013.47 and the July 2011 payroll in the amount of \$151,706.38 as presented. (Consent Calendar).*

ADJOURNMENT

Committee Chair Haselton adjourned the August 3, 2011 Finance/Audit Committee Meeting at 7:18 a.m.